"A STUDY OF MARKETING STRATEGIES AND FINANCIAL PERFORMANCE OF SELECTED FARMER PRODUCER COMPANIES IN LATUR DISTRICT"

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Introduction:

The agricultural sector in India plays a pivotal role in the nation's economy. The agriculture sector in India has grown at an average annual growth rate of 4.6 per cent during the last six years. This growth is partly attributable to good monsoon years and partly to the various reforms undertaken by the government to enhance agricultural productivity. Policies such as Soil Health Cards, the Micro irrigation Fund, and organic and natural farming have helped the farmers optimize resource use and reduce the cultivation cost. The promotion of Farmer Producer Organizations (FPOs) and the National Agriculture Market (e-NAM) extension Platform have empowered farmers, enhanced their resources, and enabled them to get good returns. Agro Infrastructure Fund (AIF) has supported the creation of various agriculture infrastructures. Kisan Rail exclusively caters to the movement of perishable Agri-Horti commodities. Cluster Development Programme (CDP) has promoted integrated and market-led development for horticulture clusters. Support for creating a Start-up ecosystem in agriculture and allied sectors is also being provided to the farmers. All these measures are directed towards supporting the growth in agricultural productivity and sustaining its contribution to overall economic growth in the medium term (Singh, 2021).

With its strong forward linkages, the agribusiness and unified exercises area fundamentally added to the country's general development and advancement by guaranteeing food security. The Indian agribusiness area has been developing at a typical yearly development pace of 4.6 percent during the most recent six years. It became by 3.0 percent in 2021-22 contrasted with 3.3 percent in 2020-21. As of late, India has likewise quickly arisen as the net exporter of farming items. In 2020-21, commodities of horticulture and partnered items from India became by 18% over the earlier year. During 2021-22, farming commodities arrived at an unsurpassed high of US$ 50.2 billion. This time of light execution could be credited to the actions taken by the Government to advance rancher maker associations, support crop expansion, and further develop efficiency in agribusiness through help accommodated motorization and the creation of the Horticulture Framework Asset. In this manner, empowering the country, in the soul of Vasudhaiva Kutumbakam, to offer important and fundamental

help to different nations for the misfortunes confronted during Covid19 pandemic. Further, pay backing to farmers through the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) and the advancement of associated exercises has prompted enhancement in wellsprings of farmers' pay, working on their strength to weather conditions shocks (Vijayrajan, 2021).

Farmer Producer Organizations (FPO) have emerged as vital entities in empowering farmers and promoting agricultural sustainability. FPOs are intended to engage farmers, especially little and minimal ones, by empowering them to participate in different farming and related exercises on the whole. These associations are made with the goal of expanding the bartering force of farmers, upgrading their admittance to inputs, innovation, credit, markets, and data, and by and large, working on their pay and jobs.

Key elements of Farmer Producer Organizations include:

Aggregate Direction:

FPOs are majority rule elements where choices are made altogether by the part farmers. This guarantees that the association's exercises are lined up with the requirements and goals of the farmers.

Pooling Assets:

Farmers pool their assets, both monetary and non-monetary, to accomplish economies of scale. This could incorporate joint acquisition of data sources, sharing of apparatus and hardware, and by and large haggling better costs for their produce.

Admittance to Data sources and Administrations:

FPOs assist farmers with accessing quality data sources (seeds, manures, pesticides, and so on) and fundamental administrations like credit, specialized help, and augmentation administrations. By obtaining inputs in mass, FPOs can frequently get better costs.

Market Linkages:

One of the critical benefits of FPOs is their capacity to total produce from numerous farmers and sell it in bigger amounts. This further develops their bartering power in talks with brokers, processors, and retailers. It additionally assists them with getting to higher-esteem showcases that may be far off for individual farmers.

Esteem Expansion and Handling:

FPOs can work with esteem expansion by aggregately laying out handling units, storerooms, and bundling focuses. This empowers farmers to upgrade the worth of their produce and lessen post-reap misfortunes.

Information Sharing:

FPOs frequently act as stages for information sharing and limit building. They give a space to farmers to trade data, strategies, and best practices.

Institutional Help:

Numerous legislatures, NGOs, and improvement offices offer help to FPOs through subsidizing, specialized help, preparing, and limit building programs.

FPOs come in various forms, such as cooperatives, producer companies, self-help groups, and more, depending on the legal and regulatory framework of the country. The specific structure and activities of an FPO can vary widely based on local context and the needs of the participating farmers. The foundation and outcome of FPOs can add to rustic turn of events, destitution decrease, and horticultural maintainability by improving the occupations of smallholder farmers and advancing comprehensive development in provincial economies.

Latur District is situated in the south east region of Maharashtra State. It is one of the eight districts in Marathwada region. Latur district comprises of 10 tehsils and 948 villages. It has a population of 2,454,196 (Census 2011). The major crops taken in Latur are cereals, oilseeds, pulses and grapes. There are more than 10 Cooperative Sugar Factories in operation in Latur District along with 03 private sugar factories. As of 2022, there are nearly 200 Farmer Producer Organizations are working in Latur District. Out of which many are Farmer Producer Companies with private ownership. This study aims to analyze the financial performance of selected FPCs operating in Latur district, Maharashtra, to gain insights into their economic viability and potential for further development.

Need of the study:

The present study is aimed at understanding the effective marketing strategies adopted by the FPCs with regard to agricultural goods. The study aims at finding out the effectiveness of agro production, agro processing and agro profitability through the

establishment of FPCs. There are different types of Farmer Producer Organizations working across the country. All these are further categorized as cooperative societies, farmer producer companies registered under section 8 of the Indian Companies Act and non-profit societies etc. The present study is significant in the view of understanding the marketing strategies of FPCs in Latur District and their financial position. The study will be beneficial in understanding different problems faced by these FPCs in processing and marketing their agro products.

Objectives:

1. To study the marketing strategies adopted by selected Farmer Producer Companies in Latur District.
2. To assess the financial performance of selected FPCs in Latur district.
3. To identify key financial performance indicators affecting the profitability and sustainability of these FPCs in Latur District.
4. To analyze the impact of government policies and support on the financial performance of FPCs in Latur District.
5. To provide recommendations for enhancing the financial performance of FPCs in the region.

Hypothesis of the study:

H0- There is no significant difference between the financial performance of Farmer Producer Cooperative Societies and Farmer Producer Companies in Latur District

H1- There is a significant difference between the financial performance of Farmer Producer Cooperative Societies and Farmer Producer Companies in Latur District

Significance of the Study:

Agriculture is still considered as one of the most important sectors of the economy. Nearly 60% of the total population still depends upon it for its livelihood. The modern trends and techniques of agriculture have changed the overall scenario of cultivation and farm production. The variety of products and the changing market structure has provided many opportunities to farmers regarding production, processing and marketing of their products across the country. The present study aims at assessing

the different marketing strategies adopted by FPOs in general and in Latur District in particular.

Scope of the Study:

The aim of this research is to study the different marketing strategies adopted by Farmer Producer Organizations and their financial performance in Latur District. The scope of this study is broadly divided in following three parts-

Geographical Scope:

The present study is about the marketing strategies and financial performance of selected Farmer Producer Organizations with respect to Latur District only. Latur District has 10 tehsils namely, Latur, Nilanga, Ausa, Ahmedpur, Udgir, Renapur, Chakur, Shirur Anantpal, Jalkot and Deoni. The FPOs working in this geographical region will be considered for the study.

Operational Scope:

The performance of FPOs can be measured in both qualitative and quantitative manners. However, the marketing strategies adopted by cooperative FPOs and Private PFOs will be analyzed through collection of both kinds of data.

Periodical Scope: the period of the study will be from 2020-21 to 2024-25.

Limitations of the study:

The present study is limited to select Farmer Producer Organizations (FPOs) in Latur District only. The research will be focused on only marketing strategies of select FPOs and the overall financial performance for the given period of time only. Agro production and agro processing will be studied in brief while major focus will be on the financial performance of these FPOs.

Review of Literature:

Gurpreet Singh & Kamal Vatta in their research paper examined the factors influencing farmers' participation in FPO and the economic impacts of such participation. Our findings show that farmers participate in FPOs to avoid market risk; and to get extension and technical knowhow, improved inputs, credit and storage and processing facilities. Generally, small and marginal farmers who are relatively younger, educated and more informed have a greater probability of participating in FPOs. Such

participation leads to improvement in income, consumption expenditure, investment on productive assets and a reduction in indebtedness. These findings help us to conclude that the success of FPOs would crucially depend on the provision of an assured market, post-harvest credit and extension support. The success story of FPOs may not be replicable uniformly across the country; it is necessary to identify the region- and crop-specific factors of the success of FPOs (Watta, 2019).

N. Lalitha and P. Vishvanathan **et.al.** in their research noted that the farmer producer organizations (FPOs) are considered as effective mechanisms as they give voice to the small farmers, help overcome the challenges, by reducing the transaction costs and improving market access. However, in India, farmer collectives suffer from several institutional and structural impediments that affects their performance and thereby not resulting in empowerment and wellbeing of the farmers. In this regard, this article discusses the role of FPOs based on an empirical case study of Sahyadri Farmers Producer Company Ltd (SFPCL) from Maharashtra. The case study analyses the specificities of a private initiative such as Sahyadri, which focuses on making farming viable for farmers with small holdings in particular. The Sahyadri model contributes building the social capital of the farmers and improving the farm income and sustainable livelihoods. The article uses logistic regression to determine the factors influencing collective action and the Cobb–Douglas (CD) Production function to highlight the economic benefits realized by the farmers from being members of the Farmers Producer Company in case of Sahyadri in Maharashtra.

Mamta Mourya and Madhavi Mehta in their article found that sustainable development goals (SDGs) are designed for the betterment of the underprivileged and the marginalised. Some of the sub-goals target doubling agricultural productivity and incomes of the small-scale food producers to realise the SDGs. Access to land, technology, inputs and financial services, opportunities for value addition and markets, non-farm employment and effective and transparent institutions that ensure responsive, inclusive, participatory and representative decision-making at all levels are assumed to be the means to that end. Based on the Alagh Committee report's recommendations, to address the voids in the existing form of collectives, producer company as a new legal option was introduced in 2003 by amending the Companies Act. This new form of collective is expected to combine efficiency and professional management of the company form and the cooperative principles necessitating ownership and participation

of and governance by producers. This study takes a mixed-method approach. It qualitatively inquires about member's perception of roles farmer producer companies (FPCs) play in their lives and livelihood. With the help of performance data from five FPCs, this study elaborates on the promises this form holds in realizing some of the SDGs and challenges FPCs facing that could make achieving these promises a distant dream (Mourya, 2022).

Swati Chauhan and Emmanuel Murray in their study explain that, Producer companies are playing a very important role in transforming the lives of the farmers. While several studies are available for PCs, no study to assess the financial performance of PCs has been done. Sustainability of these companies is very important for the livelihood of the farmers in the long run. With the help of this study authors tried to measure the financial sustainability of these companies. In this study authors tried to individually assess the financial performance of the PCs on six parameters using 20 ratios. Short term liquidity position of all the companies are good but long term solvency position of MPCL, IMDPCL, KOFPCL and EOFPCL is not very sound. Profitability and efficiency position of MPCL, IOFPCL, IMDPCL, and KOFPCL is not very good while COAPCL and EPFPCL are earning profits. Turnover of all the companies are good and shows PCs effectiveness in assets utilization. The financial strength of the companies is good, net worth and net working capital of the companies is increasing except KOFPCL due to huge long term liabilities. Overall analysis shows that PCs are trying hard to make their presence in the market and benefit farmers. Major challenges for these companies are the availability of funds and management of funds. The study is useful for PCs for self-evaluation, for Government in policy making, for funders for continuing support, and for researchers (Chauhan, 2019).

Shweta Chaudhari et.al. have studied regarding financial viability of farmer producer companies in Uttarakhand state. Financial ratio analysis of FPOs were done on parameters such as liquidity, solvency, profitability and efficiency ratio and Financial Strength of the small organizations for the financial year 2017-18 to 2019-20 were analyzed. Financial ratio analysis depicted that liquidity position of producers' organization was good and adequate to manage their expenses while, profitability and efficiency position were not adequate enough. Overall, it was estimated that Producers' Organization are trying hard to make their presence in the market. FPOs require support

not only at the individual FPO level but also at the promotion and ecosystem level (Chaudhari, 2021).

Research Methodology:

1. Data Collection: Financial data, including income statements, balance sheets, and cash flow statements, will be collected from a diverse sample of FPCs in Latur district, covering multiple crop types and sizes.
2. Financial Ratio Analysis: Various financial ratios, such as liquidity ratios, profitability ratios, and solvency ratios, will be calculated to evaluate the financial stability and performance of these FPCs.
3. Trend Analysis: A longitudinal analysis spanning multiple years will be conducted to identify financial performance trends and patterns.
4. Comparative Analysis: FPCs within the sample will be compared to identify best practices and factors contributing to their financial success.
5. Government Policy Assessment: The study will assess the influence of government policies, subsidies, and support on the financial performance of FPCs.

Research Instruments:

The structured questionnaire will be considered as a main instrument to collect the primary data. Structure questionnaire will be framed after the discussion with supervisor. Analysis of primary data will be done through SPSS software and MS Excel. There are various statistical tools and techniques like percentage, chi-square test, F-Test, T-Test, ANNOVA (If applicable), analysed data will be represent in thesis with the help of charts, graphs, diagrams etc.

Sampling Method

The present study is focused on analyzing the marketing strategies and financial performance of farmer producer companies in Latur District. there are about 200 active FPCs in Latur District out of which 20% FPCs will be selected by the researcher for obtaining first hand data. These FPCs will be selected through random sampling method.

Sampling Unit

There are about 200 registered FPCs in Latur District working in 10 Tehsils. Majority of these FPCs are located in Nilanga and Ausa Tehsil. Therefore 20% FPCs means 40 FPCs will be selected as a sample.

Chapter Scheme: The present research work will be divided into following chapters

Chapter Number	Title of the Chapter
Chapter 1	Introduction and Research Methodology
Chapter 2	Review of Literature
Chapter 3	Profile of Latur District
Chapter 4	An Overview of Farmer Producer Organizations
Chapter 5	Data Collection and Analysis
Chapter 6	Conclusions, Findings, Suggestions and Recommendations

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